

Business Plan

City of Anderson Multi-Use Facility

Prepared by the

City of Anderson

with assistance from

Michael L. Foster & Associates, Inc.

and funding from the

Denali Commission



and the

**Alaska Department of Commerce, Community, and Economic
Development**

Division of Community Advocacy



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Section 1 - Executive Summary

City of Anderson Multi-Use Facility Business Plan

The City of Anderson, Alaska, which was incorporated in 1962 as a second-class city, plans to construct a new multi-use facility. The new two-story ADA accessible facility will provide space for:

- City of Anderson administrative services and council chambers;
- regional Department of Motor Vehicle (DMV) services;
- a fire hall;
- a United States Post Office;
- a large multi-purpose community center room near a kitchen;
- rental spaces for retail and/or professional service enterprises;
- entry and lobby areas;
- parking spaces for at least 100 cars, and
- a summer vehicle wash pad.

The facility planned for this Interior Alaska community will be situated on the corner of First Street and D Street, which is within walking distance of the school, the city maintenance shop, and many of the City of Anderson homes. The organizations and businesses occupying the facility will serve city and regional residents and visitors.

The estimated cost to design and construct the new two-story facility on city owned vacant land is \$5,711,000. The City of Anderson will use a combination of existing operating funds and enterprise revenues, and new revenues from the new facility rental spaces to 1) cover the facility operating, maintenance, repair, and equipment replacement expenses; and 2) to save for a portion of the capital replacement expense that may be required in 60 years.

The new multi-use facility will have a positive effect on the City of Anderson, regional residents, and visitors.

- ✓ The facility design and operation will optimize efficiencies, flexibility of space, and energy conservation.
- ✓ It will be developed and operated for diverse year round use by the city, regional residents, and visitors.
- ✓ It will facilitate a broad spectrum of opportunities, events, and activities that will benefit all community members.
- ✓ The new facility will consolidate and expand city operations, which allows the city staff to provide more efficient services.
- ✓ It will provide residents with the opportunity to develop commercial enterprises in rental spaces that are centrally located in the City of Anderson.

Section 2 - Facility Description

Description and Services Provided

The new City of Anderson multi-use facility will provide a variety of services to year round and seasonal residents, employees, and visitors in the Denali Borough, Nenana, and Fairbanks region (see attached Figures 1 and 2). This includes the communities of Anderson, Clear, Clear Sky Highway, Browns Court, Nenana, Healy, McKinley Park, Ferry, Cantwell, and Fairbanks and the seasonal businesses serving Denali National Park and Preserve. It will be constructed on vacant land owned by the City of Anderson, which is shown in Photos 1 and 2 and Figure 3 (attached).

Conceptual planning wish list/requirements surveys and public meetings were used to obtain input from the residents, council members, city employees, and facility users. As a result, the community decided that a new two-story multi-use facility, which will be designed to meet Americans with Disabilities Act (ADA) accessibility requirements, would reduce capital costs and heating costs (Figures 4 and 5). The following are descriptions of the facility spaces and services provided.

- **City of Anderson Administrative Services and Council Chambers** – The facility will include a customer service/processing area for faxes, copies, notaries, fishing and hunting licenses, dog licenses, and payment of city services; work spaces for city employees; private offices for the mayor and city clerk; secure file storage areas; and city council chambers. The council chambers will be a small meeting room for up to 50 people with white boards, display boards, and a variety of teleconference, recording, audio, and video equipment. The council chambers will generate revenues when rented out for private functions.
- **Regional DMV Services** – The regional DMV services that are operated by the City of Anderson will be housed in the facility. The DMV space will include a waiting area for 30 or more people; processing stations; testing areas; and secure file storage.
- **Fire Hall** – The fire hall will meet the latest state and federal requirements for emergency medical services. It will include drive thru bays for an ambulance and tanker truck; a 20,000-gallon water storage tank and water pumps for filling the tanker truck; a backup generator for operating the drive thru bay doors and the water tank pump; pressure washing equipment and floor drains with oily water separators; storage space and lockers to secure equipment; decontamination showers for emergency medical service (EMS) personnel and fire fighters; and an office area with public service areas and counters.
- **U.S. Post Office** – The ADA accessible U.S. Post Office (USPO) will include a lobby, public service area, counters, and pass-thru windows; a separate secure post office box area with 24-hour public access; display spaces; a workroom and storage areas; space and electronic outlets for U.S. Postal Service (USPS) audio-video equipment, phones, fax machines, and computers; a private exterior entrance with a loading dock; and an outdoor letterbox located in an area with a protective eave. The loading dock will be located in an area separated from the fire hall to reduce any conflicts between large delivery trucks and the emergency response equipment.
- **Multi-Purpose Community Center Room and Kitchen** – The multi-purpose community center room will be used for emergency coordination, public meetings, workshops, conferences, training sessions, continuing education, potlucks, dances, movies, fund raising events, and a variety of other community functions, which will include youth, teen, and senior citizen activities. The space needs to be large enough to effectively seat 200 people at Denali Borough Assembly meetings that are periodically held in the City of Anderson. The multi-purpose room and kitchen will generate revenue when rented out for private functions.

- **Rental Spaces for Retail and/or Professional Service Enterprises** – Commercial business space is sparse and desperately needed in Anderson. The rental spaces proposed for the multi-use facility will be available to enterprises owned and operated by Anderson residents and/or public service entities such as the Railbelt Mental Health and Addictions Program (RMHA). The types of enterprises the city wants to attract include coffee shops, delis, general stores, video rentals, and enterprises that might attract and serve visitors and residents. The rental spaces will be visible and accessible to visitors using the Riverside Park, city offices, DMV, post office, and meeting rooms. The rental spaces will be designed and constructed so that interior walls, partitions, and doors can be added and removed to accommodate the needs of the enterprises.
- **Entry and Lobby Areas** – The lobby and entry areas are very important spaces. These are social spaces in which the city will extend a warm welcome to residents, clients, and visitors. For some visitors this is the only area of the city that they will see. It needs to encourage visitors to explore and experience the other aspects of Alaska life that Anderson offers. The lobby will include display panels, waiting areas, public restrooms, stairways, and an elevator, all of which will meet ADA accessibility requirements.
- **Parking Spaces** – Parking spaces will be available for at least 100 vehicles.
- **Summer Wash Pad** – A wash pad will be constructed adjacent to the fire hall for use as a summer car wash.

The new multi-use facility will be designed and constructed to optimize efficiencies, flexibility of space, and energy conservation. The rental spaces will provide the city with additional revenue sources, and they will provide residents with the opportunity to develop commercial enterprises, which is a goal of the City of Anderson Economic Development Plan. Additional information on the project is available in the Conceptual Plan for the City of Anderson Multi-Use Facility.

Cost of Major Components

The capital cost estimate for the design and construction of the two-story wood frame structure with a concrete foundation, landscaping, and parking areas is \$5,711,000 or about \$313 per square foot. The conceptual plan is shown on Figures 3, 4, and 5, which are attached.

Funding for Major Components

Funding for the design and construction of the new multi-use facility will come from a variety of sources that include the City of Anderson, the Alaska Department of Commerce, Community, and Economic Development (ADCCED) Division of Community Advocacy Multi-Use Facility Program, and the Denali Commission. Other potential sources of funding are Community Development Block Grants, local fundraisers, and donations or grants from private entities like the Rasmuson Foundation.

Whenever possible, the city tries to combine and/or coordinate agency-funded projects to utilize and maximize the project resources. By doing this, the city has successfully completed additional work without applying for additional funding. For example, we coordinated and combined resources from a Park revitalization grant with a new subdivision grant. As a result, we were able to expense the installment of electrical service to both grants and commit general fund monies to road construction. During the same period, we used materials excavated from the new roads and grant funds for enhancing the stability of our dike system to build up the dike surface.

Other Agencies

Involvement in Construction Phase

The amount of community involvement and local hires used in the construction project will depend on the resources available. The city plans to use a qualified employee or hire a contractor to manage construction, hiring, purchasing, and scheduling. Project accounting will be managed by the city.

As noted above, funding will come from state and federal agencies, the city, and private entities. Progress reports will be submitted as required by grant agreements.

Involvement in Ongoing Operations

The players involved with the on-going multi-use facility project are identified below.

- The City of Anderson mayor, council, employees, and residents are the crucial players responsible for the multi-use facility project. Ms. Nancy Hollis, City Clerk/Treasurer, is the city's representative and project manager responsible for compliance with grant agreements.
- The Denali Commission and the ADCCED Division of Community Advocacy Multi-Use Facility Program provided funds for the conceptual planning program. We plan to apply to the Denali Commission and the ADCCED Multi-Use Facility Program for design and construction funds.
- The city has a contract with Michael L. Foster & Associates, Inc. (MLFA), an Alaskan Architect/Engineer (AE) firm, to assist with conceptual plans, cost estimates, and the business plan for the new multi-use facility. Their contract can be amended to include final design and construction management services. However, most funding agencies require competitive bids for all professional service contracts.

Phasing of a Larger Project

The construction of the new multi-use facility is tied to on-going road improvement and sewer projects. The city is currently constructing roads for the new subdivision that is accessed from D Street, which is on the east side of the multi-use facility site. D Street has been constructed and any additional improvements to D Street should not impact the new facility.

The new community sewer project, which is being designed and constructed with funding through the State of Alaska Village Safe Water (VSW) Program could impact the facility plans. Construction of the First Street and D Street portions of the sewer main is scheduled for 2009 or 2010. If the community sewer service is not available, a large capacity mounded septic system will be needed for the new multi-use facility. Conceptual designs and cost estimates assume the facility will be served by the community sewer system.

Section 3 - Community Overview

Anderson is a community of military and civilian residents who value a small, active community in which people know each other and cooperate to provide a safe, healthy, affordable place to grow, live, work, and retire. We value our remote location and the adjacent wilderness areas. We also strive to develop economic opportunities so that our community can prosper and sustain their rural lifestyles.

The Anderson townsite was homesteaded in the late 1950s by three pioneers: Art Anderson, William Devon, and Charles DeWitt. In 1959, Art Anderson, the town's namesake, subdivided his 80-acre homestead into quarter-acre lots and sold the majority to civilian workers from Clear Air Force Station. The station, a ballistic missile site, was completed in 1961. In the same year, an elementary school was established, and the city was incorporated in 1962.

Location

Anderson is located in Interior Alaska, on a spur road six miles west of the George Parks Highway, 76 miles southwest of Fairbanks and 285 miles north of Anchorage (Figure 1). The municipal boundaries include 263.9 square miles of water and 1,697.2 square miles of land near the northern boundary of the Denali Borough. The townsite is centered in Section 32, Township 6 South, Range 8 West, of the Fairbanks Meridian (Figure 2).

Population Served

Anderson multi-use facility will serve year round and seasonal residents, employees, and visitors in the Denali Borough, Nenana, and Fairbanks region. This includes the communities of Anderson, Clear, Clear Sky Highway, Browns Court, Nenana, Healy, McKinley Park, Ferry, Cantwell, and Fairbanks. The ADCCED determined the 2005 population of the City of Anderson was 546, the Denali Borough population was estimated to be 1,823, and the Nenana population estimate was 549.

The Usibelli Coal Mine, Clear Air Force Station, Golden Valley Electric Association, the Denali Borough School District, the National Park Service, and tourism-related industries and road services provide the majority of employment in the Denali Borough. Denali National Park is a major visitor attraction; over 350,000 visitors use the Park for recreation annually. Hotels, cabins, RV campgrounds, rafting guides, sightseeing, restaurants and gift shops serve visitors. Nearly 40 percent of the summer employees in the area come from outside Alaska, and another 42 percent from outside the borough.

Transportation Available

The George Parks Highway, which is maintained by the Alaska Department of Transportation and Public Facilities (ADOT&PF), provides access to Anchorage and Fairbanks year-round. A paved spur road is used to access the Alaska Railroad Clear Site station stop, the Clear Airport, Clear Air Force Station, the Anderson residential area, and Riverside Park.

The Alaska Railroad stretches 470 miles from Seward in Southcentral Alaska to Fairbanks in the Interior. Completed in 1923, the railroad line was the only surface transportation link for the area until the George Parks Highway was completed in the 1970s.

The state owned Clear Airport is a 4,000-foot lighted asphalt runway located approximately four miles south of Anderson. Charter and private aircraft use the airport, which is maintained by ADOT&PF. The closest International airports are located in Fairbanks and Anchorage.

The closest barge service is in Nenana approximately 20 miles north of Anderson. Lost Slough, a large slough of the Nenana River is located less than a mile west of the city and is accessed from the City of Anderson's Riverside Park. The river is used for fishing, but is too shallow for cargo transportation.

Current Infrastructure

Public facilities in Anderson include the Anderson School, the existing city building, a clinic building, an old fire hall and maintenance shop, and Riverside Park. Riverside Park has a network of trails, campsites, picnic areas, shooting range, an RV wastewater disposal site, public drinking water wells, and seasonal restrooms and shower facilities. The City of Anderson rents out half of the clinic building as an apartment because the clinic is only open every other month. Most people go to Fairbanks or Clear Air Force Station for their medical needs.

Other public facilities operated within the Anderson city limits include the Anderson septage facility, and the Denali Borough landfill. The septage facility is operated by the City of Anderson and is used by residents and businesses in the Denali Borough and Nenana. The Denali Borough landfill is a regional landfill facility operated by the Denali Borough. Clear Air Force Station is also located within the city limits.

A seasonal restaurant and bar is open during the summer. There are no stores, gas stations, or rental spaces for commercial businesses or public services in Anderson.

Matanuska Telephone Association, Inc. (MTA) provides telephone service and Golden Valley Electric Association (GVEA) provides power to the Anderson area. The power source is coal with diesel backup. Fuel storage facilities in the Anderson area consist of individual heating oil tanks.

Most of the residential buildings and public facilities in the townsite have individual wells, and septic systems. However, due to the high water table and small lot sizes, it has not been possible to meet Alaska Department of Environmental Conservation (ADEC) separation distance requirements for wells and septic systems. In order to protect drinking water systems and eliminate the need for mounded septic systems, the city obtained funding through the VSW program for a new community piped sewer system with a sewage lagoon for treatment and disposal. Construction of the first phase of the sewer system is scheduled for 2009 or 2010.

Section 4 - Legal Authority & Issues

The City of Anderson is the legal authority responsible for the development of the new multi-use facility.

Ownership

The new multi-use facility will be owned and managed by the City of Anderson and it will be located on vacant land owned by the city.

Ordinances Related to New Project

The city does not have any ordinances, bylaws, or regulations associated with rental/lease rates or other rate structures that are associated with the existing or new multi-use facilities.

Special Permits, Licenses and Regulations

The multi-use facility will be located on city owned land that is zoned for residential and commercial use. Some of the special permits, licenses, and regulations that must be obtained are listed below.

- Water and sewer systems for the new facility must meet ADEC regulatory requirements, which include engineering reviews and approvals for the construction and operation of the public drinking water system and the wastewater treatment and disposal system.
- Water rights and water use permits must be obtained from the Alaska Department of Natural Resources (ADNR).
- The building must be designed and constructed in compliance with international building, plumbing, mechanical, and fire codes; and national electrical codes.
- Building construction plans and the installation of fuel tanks must be reviewed and approved by the State Fire Marshal.
- The project must comply with state and federal historic preservation acts.

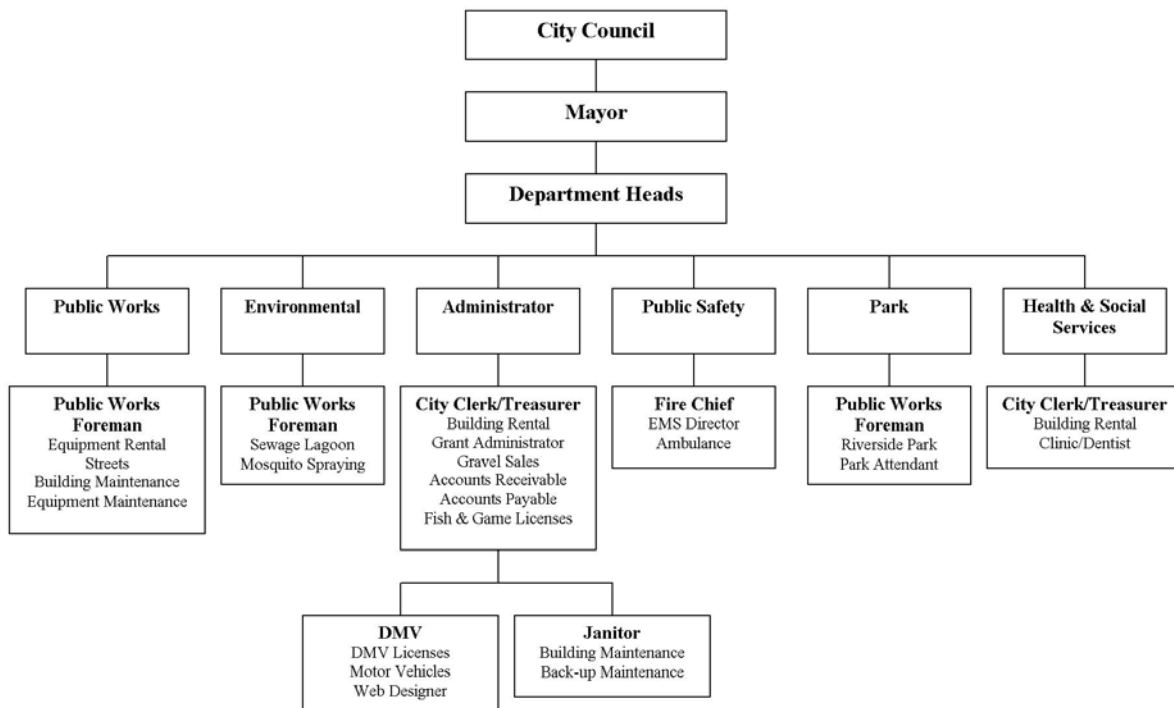
Section 5 - Management Structure

Description

Anderson is a second-class city that was incorporated in 1962. The city council is composed of seven members one of whom serves as the mayor. All of the council members are volunteers (no paid positions). The city employs individuals for the following positions: city clerk/treasurer, DMV, DMV assistant, janitor, public works maintenance, drivers/CDL, operators, lagoon operator, park maintenance, park laborer, and laborer. The city has a volunteer fire and EMS program that is overseen by a volunteer fire chief.

Organizational Chart

The following organizational chart illustrates the City of Anderson staff relationships.



Staffing and Training

Staffing

The city employees will be responsible for the operation and management of the multi-use facility. Key staff positions for the new facility are the city clerk/treasurer and the public works foreman. Their job descriptions are summarized below.

- **City Clerk/Treasurer:** The city clerk is responsible for accounting practices related to all city funds, general and special. Assigned duties include building rentals, grant administration, gravel sales, accounts receivable, accounts payable, fish and game licensing, oversight of janitorial services, DMV services, and other city owned enterprises.
- **Public Works Foreman:** The public works foreman is responsible for the operation and maintenance of city equipment, buildings, and property. Assigned duties include the operation and maintenance of heavy equipment, street maintenance, building maintenance, and the day-to-day operations of the sewage lagoon and Riverside Park.

Training

Training programs for city employees are generally in-house or provided by funding agencies. For example, wastewater operators and utility managers have been trained through the ADEC Operator Training and Certification program and the ADCCED Rural Utility Business Advisor (RUBA) program.

Key Personnel

A key city employee who is critical to the success of the multi-use facility project is Ms. Nancy Hollis, Clerk/Treasurer. Ms. Hollis has worked for the City of Anderson for thirteen years, eleven of which have been in bookkeeping, finance, and grant administration. She has successfully administrated over fifteen grants totaling more than \$1,000,000. She is familiar with state and federal grant reporting and auditing requirements; and all of the city's agency funded projects are current and in compliance with the grant agreements. She will be responsible for the financial and reporting aspects of all multi-use facility grants while keeping the council abreast of the tasks that are required to be completed.

Ms. Hollis will also oversee the new multi-use facility operations and maintenance. She will be responsible for lease agreements, accounts receivable, accounts payable, and oversight of janitorial services, DMV services, and other city owned enterprises. Ms. Hollis has successfully completed a variety of courses related to city and utility management and operations. She currently holds State of Alaska operator in training (OIT) certifications for wastewater collection and treatment.

Section 6 - Financial Data

Descriptions of the expected expenses, revenues, and sustainability of the new multi-use facility are provided below. Spreadsheets used to prepare the new multi-use facility budget are attached.

Expenses

The City of Anderson will incur a number of expenses relating to the operation and maintenance (O&M) of the multi-use facility. They include three cost categories that are important to the upkeep of the multi-use facility: 1) O&M expenses, 2) repair and replacement (R&R) expenses, and 3) capital replacement expenses. The three cost categories and a summary of the multi-use facility expenses are discussed in the following sections.

Operations and Maintenance Expenses

O&M items are the expenses that are incurred on a regular annual basis to sustain the operation of the facility. For the Anderson facility the annual O&M costs will include:

- full time administrative personnel costs;
- part time maintenance and custodial personnel costs;
- electricity, heating fuel, telephone, water, and sewer utility costs;
- costs for supplies, elevator maintenance, and general repairs and maintenance; and
- property and general liability insurance costs.

The annual O&M cost estimate is summarized below and details are provided on the attached spreadsheets.

New Multi-Use Facility Annual O&M Expense Estimate

O&M Category	Annual Expense Estimate
Personnel	\$66,382
Utilities	\$36,000
Materials and Equipment	\$7,300
Other	\$25,000
Total O&M Expenses	\$134,682

Repairs and Replacement (R&R) Expenses

The city will incur expenses for items costing more than \$1,000 that are not replaced on an annual basis. This includes the R&R costs for furnishings, boilers, hot water heaters, the elevator, and the emergency backup generator. The amount the city budgets for R&R expenses will be deposited in a separate savings account to ensure that the city will have an appropriate amount of funds to repair or replace items that are going to wear out periodically throughout the design life of the facility. The estimated annual R&R cost that the City of Anderson has budgeted to put aside in a separate account is \$12,100.

Capital Replacement Expenses

The capital replacement expense is the amount of money that should be saved each year to replace the multi-use facility at the end of its estimated useful life or design life. Since the city has

successfully maintained the existing city building, which is nearly 60 years old, the estimated useful life of the new facility is at least 60 years. Although grant funds may be available to rebuild the facility in 60 years, the city has included capital replacement funds in the facility budget. As shown on the attached spreadsheets, the annual capital replacement budget amount for the new facility is \$25,244. The budget amount assumes the following:

- the current facility cost estimate is \$5,711,000;
- the inflation rate is four percent;
- the expected life is 60 years;
- the percent local cash required for replacement is 10 percent; and
- the expected interest rate on the savings account is four percent.

Total Annual Expense Estimate

The total annual expense estimate for the new facility is summarized below and detailed on the attached spreadsheets.

Total Multi-Use Facility Annual Expense Estimate

Category	Annual Expense
Operation and Maintenance	\$134,682
Repair and Replacement	\$12,100
Capital Replacement	\$25,244
Total Annual Expenses	\$172,026

Revenues

Revenue to support the new multi-use facility will come from the rental of the new facility spaces and other city revenues. New facility rental revenues include:

- the rental of the new facility spaces for the USPO, DMV, retail enterprises, and professional services; and
- the rental of the city council chambers, the community center room and the kitchen.

Other city revenues include existing City of Anderson funds that are currently used for the city operations, services, and enterprises that will move to the new facility. The other revenue sources include:

- shared revenues from the State of Alaska telephone/electric fund;
- revenues from the Denali Borough for the volunteer fire department;
- City of Anderson operating revenues from the DMV enterprise, city utility taxes, city shop and clinic rentals, and
- miscellaneous income, which includes revenues from other city enterprises, such as land sales.

Revenues are summarized below and detailed on the attached spreadsheets.

Revenue Estimates

Revenues	Annual Estimate
Rental Revenue	\$62,292
Other Revenue	\$112,780
Total Annual Revenue	\$175,072

Sustainability

As shown below, the total annual revenues exceed the annual expenses by \$3,046. This shows that the City of Anderson has the ability to receive enough revenue to sustain the new facility.

New Multi-Use Facility Net Income

Revenues	Annual Estimate
Rental Revenue	\$62,292
Other Revenue	\$112,780
Total Annual Revenue	\$175,072
Expenses	Annual Estimate
Operation and Maintenance	\$134,682
Repair and Replacement Account	\$12,100
Capital Replacement Account	\$25,244
Total Annual Expense	\$172,026
Net Income (Loss)	\$3,046

Effect on Organization

The new multi-use facility will have a positive effect on the City of Anderson, regional residents, and visitors.

- ✓ The facility design and operation will optimize efficiencies, flexibility of space, and energy conservation.
- ✓ It will be developed and operated for diverse year round use by the city, regional residents, and visitors.
- ✓ It will facilitate a broad spectrum of opportunities, events, and activities that will benefit all community members.
- ✓ The new facility will consolidate and expand city operations, which allows the city staff to provide more efficient services.
- ✓ It will provide residents with the opportunity to develop commercial enterprises in rental spaces that are centrally located in the City of Anderson.